

Mid-Year Higher Education Budget Reduction Overview

Background on the Governor's Proposed Mid-Year Budget Reductions

Over the past several months, the State of California has experienced a significant decline in State government revenues, now estimated to be in excess of \$30 billion. On Friday, December 6th, the Governor proposed a series of mid-year budget reductions totaling more than \$10 billion to take effect in the current fiscal year as well the upcoming budget year. The State Legislature met earlier this week briefly to address the Governor's proposals and to deal with the budget shortfall.

The Governor proposed a 3.7 percent across-the-board reduction in K-14 Education and other Proposition 98 reductions totaling nearly \$2 billion. Every aspect of K-12 finances is affected from classroom instruction, to student support services such as Healthy Start, and ancillary services such as transportation and childcare.

For California's public higher education institutions, the Governor has proposed more than \$350 million in current fiscal year spending reductions, including:

- A \$215 million reduction in California Community College funding;
- A \$1 million reduction in General Fund support for Hastings College of the Law;
- Nearly a \$60 million reduction in State support for The California State University; and
- Almost \$75 million in reductions to the University of California.

Higher Education Systems' Reactions

All three of the State's higher education systems have reacted to the Governor's proposal. As evidenced by various press releases and news articles, each system has expressed serious concerns about the significant impact that will result from the proposed funding reductions and has provided detail about their pre-existing funding shortfalls.

Both the University of California Board of Regents and the California State University Board of Trustees have special meetings scheduled for Monday, December 16th to discuss the proposed budgetary reductions and to adopt actions responding to these proposals. Staff of both systems are advocating that their Boards adopt an increase in student fee levels in the current academic year to address a portion of the State General Fund budget reductions. And, the Chancellor of the California Community Colleges is working with community college organizations to discuss various strategies for dealing with the proposed community college funding reductions.

Further information regarding each systems current activities relative to the proposed budget reductions can be found on the following system specific pages.

Potential Consequences Resulting from these Proposed Reductions

Some of the potential consequences that will likely result from enactment of the proposed higher education budget reductions include:

- Fewer students provided with access to higher education opportunities;
- Increases in resident and non-resident student charges;
- Fewer course sections offered – resulting in an increase in the time required for students to complete their educational objectives;
- A decrease in student support services and related student support activities;
- An increase in student borrowing and student loan indebtedness;
- Research efforts postponed and/or permanently deferred.
- A decrease in the efforts of higher education institutions to assist K-12 in improving the preparation of K-12 students and teachers; and
- Lay-offs of higher education faculty and staff.

In light of these potential consequences, during this period of fiscal constraint, the Commission has developed a series of recommended priorities for higher education as well as a suggested framework within which it suggests that institutions address the proposed budgetary reductions.